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The Commission is responsible for licensing charitable and religious organizations to conduct and manage bingos, casinos, raffles and nevada breakopen ticket sales under the authority of Section 207 of the Criminal Code and **The Saskatchewan Gaming Commission Act**. The Act also requires that the Commission regulate operations through the Registration of all Event Suppliers and Gaming Employees.

Through this mandate, the Commission is committed to maintaining the integrity of all licensed gaming while ensuring maximum benefit to Saskatchewan grassroots charities.

Letters of Transmittal

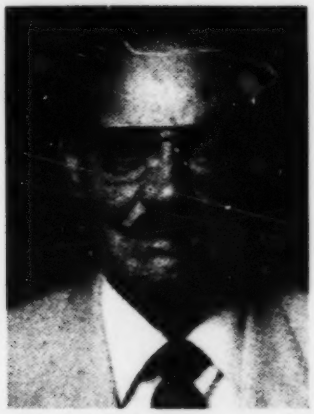
The Honourable
Sylvia O. Fedoruk
Lieutenant Governor of Saskatchewan

May It Please Your Honour:

I have the honour of submitting the Annual Report of The Saskatchewan Gaming Commission for the year ending March 31, 1991.

Respectfully submitted,

Robert Mitchell, Q.C.
Minister Responsible for The
Saskatchewan Gaming Commission



The Honourable Robert Mitchell, Q.C.
Minister Responsible for The
Saskatchewan Gaming Commission

Sir:

I am pleased to submit the Annual Report of The Saskatchewan Gaming Commission for the year ending March 31, 1991.

Respectfully submitted,

Wm. F. MacRae
Chairman

Chairman's Report

As I reflect on the year under review, the following subjects come to mind.

Issue - Charitable Associations

It was during the current year that a Court judgement in Manitoba caused the Commission to evaluate bingo programs in our province.

The Manitoba case defined the emphasis on management and control of bingo as related to the licensees' responsibility. In short, the Court declared that certain practices of the appellant (a commercial bingo operator) were illegal.

Notwithstanding our Act, which sought to confer a "legal agent" status on commercial operators, the Criminal Code requires that the licensee exercise full control of the game. As a result, the Commission will, in the coming year, design and implement a form of Charity Association Model which clearly places responsibility for bingo with the licensed charity.

This is a huge task and will require considerable cooperation among licensed sponsors. In addition, the new concept will impact on the traditional operators leaving them in the role of landlords, with no direct involvement in the game of bingo.

Issue - Charitable Status of Organizations

An Oldtimers Hockey Team appealed the Commission's decision forbidding licensing of adult sports and recreation teams unless they could clearly demonstrate that they represented a tangible benefit to the community.

This Team, and most others like it, was primarily organized for the social and recreational activities of its members—activities which were in their own self-interest. As a result, the Commission refused to grant the Team a licence. The applicant challenged the Commission's decision at court, arguing age discrimination under Section 15 of the Canadian Charter of Rights and Freedoms. The court held that the case was not a Charter question but rather a test of eligibility under the charitable definition as set out in the Criminal Code. Thus, the judgement found that the hockey team should not be licensed as it does not fit under the definition of charitable purpose.

Issue - Electronic/Computerized Gaming

Manitoba, Alberta and the Maritime provinces have launched video lottery terminal programs. Each jurisdiction has their own particular policies, however, in each case the control is with the government. Profits from these initiatives are dedicated to special purposes. The video gaming phenomenon is operating in South Dakota and Montana with a full casino concept developed in Deadwood, South Dakota. Clearly, video gaming represents the next phase in lottery evolution.

Issue - Gaming on Indian Lands

A by-product of self-government aspirations is demonstrated by the proliferation of Indian gaming initiatives in the United States and Canada. A recent Supreme Court decision in Canada (Jones and Pamajewon v. The Queen) confirms that Indian gaming in Canada must be conducted under a licence as specified in Section 207, Criminal Code of Canada.

Issue - Compulsive Gambling

During the coming year, the Commission will follow recent discussions regarding addictive gaming with studies of a practical application to Saskatchewan needs.

Issue - Licensing Policies

To report that the current year saw more than 500 bingo licence applications refused would seem to be a rather negative statistical observation. And yet, the relevance is found in knowing that 529 new licensees have found opportunities to earn money for their particular cause. Adult sports clubs and other similar self-serving groups have been deleted from the inventory of approved sponsors.

The foregoing represents considerable challenge for the year ahead and indicates the need for understanding and commitment to these new initiatives.

Wm. F. MacRae

The Year in review:

Registration Program:

July 3, 1990 marked the Proclamation of **The Saskatchewan Gaming Commission Act** and the introduction of the Registration Program.

Formal Registration of the Event Suppliers and Gaming Employees as required by Part III of the Act, is a "first" in Canadian legislation. Saskatchewan is at present the only jurisdiction in Canada to require Registration of these two elements of gaming. The Event Supplier is defined in the Act as someone who supplies a gaming service for compensation. A Gaming Employee is described as someone who is a paid worker in the operation of bingo and/or casino gaming activity.

During this fiscal year a total of 68 Event Suppliers were registered, combining 50 Commercial and 18 Non-Commercial Bingo Halls. **Registration of Gaming Employees totalled 1,503**, made up of 466 Bingo and 587 Casino workers.

The Certificates of Registration of two Commercial Bingo Halls and two Bingo Gaming Employees were suspended for non-compliance with registration requirements. One Commercial Bingo Hall and both employees remain suspended. The other Commercial Bingo Hall was re-instated following 28 days of closure and a successful appearance at a Hearing before the Board of Commissioners.

The Registration Program has demonstrated its effectiveness in requiring the bingo hall operations and gaming employees to comply with the Terms and Conditions of licensed gaming. Indeed, it has become a valuable tool in the enforcement of all gaming regulations and has contributed considerably to the improvement and integrity of legalized gaming.

Computer System:

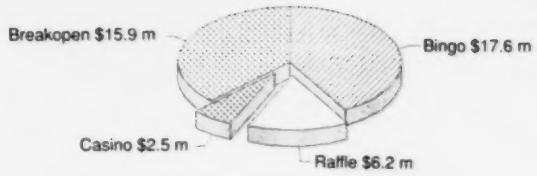
The management of the Saskatchewan Gaming Commission recognized the need for a comprehensive information system to assist in the fulfilment of the mandate of this organization. The results of a study confirmed the necessity for the acquisition of up-to-date information technology. Steps were initiated to acquire the technology and implement the processes to capture and utilize the extensive information essential to the accomplishment of the tasks at hand.

A contract was signed and the process begun to define the content and structure of the information system. The system is currently in its final stages of implementation and will provide access to a greater range of information by all staff members, with improved timeliness. The technology has also provided the additional tools required to allow staff to function more efficiently.

The Saskatchewan Gaming Commission regulates $ 248.9 M of gaming annually. The significance of this amount demands an effective information system.

Charities in Saskatchewan

Last Year $ 42.2 M was raised through licensed gaming to fund and support community services, healthcare, multiculturalism, heritage, recreation, arts and sports in Saskatchewan. The hospitals in Saskatchewan received $ 2.5 M from the sale of breakopen tickets sold in hotels and lounges. This represents an $ 800,000 increase over last year due to the expansion of ticket sale locations to include cocktail lounges.



Through the commitment of hundreds of volunteers, grassroots charities strive towards the betterment of the Saskatchewan way of life and the communities in which we live. We are proud to be able to support fund raising initiatives that enrich the lives of the Saskatchewan people.

Licensing Activity

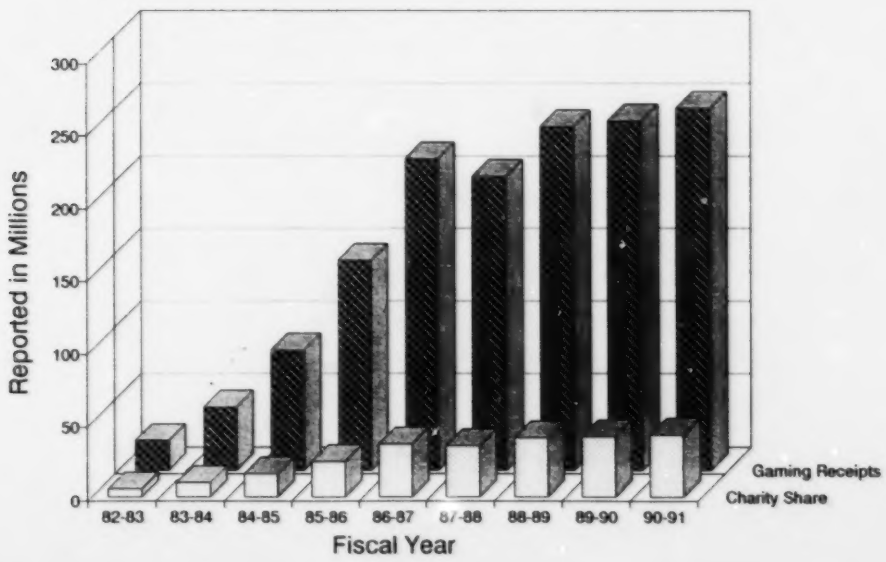
The 1990-91 licensing activity chart shows the gaming total spend reported as $248,938,694. This figure is $ 9.2M more than last year and indicates the continuing upward trend of increased gaming activities. The Licensing Division summarizes the past year as busy and productive.

Of the 5,613 applications that were screened for eligibility, 5,035 qualified for a license. Of these, 24 were suspended and 4 cancelled for violations of the Licensing Terms and Conditions. One licensee has received re-instatement.

Licensing April 1, 1990 to March 31, 1991

Licenses Issued		Revenue Reported from Gaming				
		Total Spend	Prizes	Expenses	Charity	Charity Share
Bingo	2,265	$112,490,824	$ 72,440,150	$22,433,973	$17,616,701	16%
Breakopen	1,974	92,121,320	67,701,766	8,478,758	15,940,796	17%
Raffle	681	15,718,975	6,561,526	2,926,296	6,231,153	40%
Casino	115	28,607,575	23,155,409	2,991,308	2,460,858	9%
TOTAL	5,035	$248,938,694	$169,858,851	$36,830,335	$42,249,508	17%

Growth Trends in Licensed Gaming

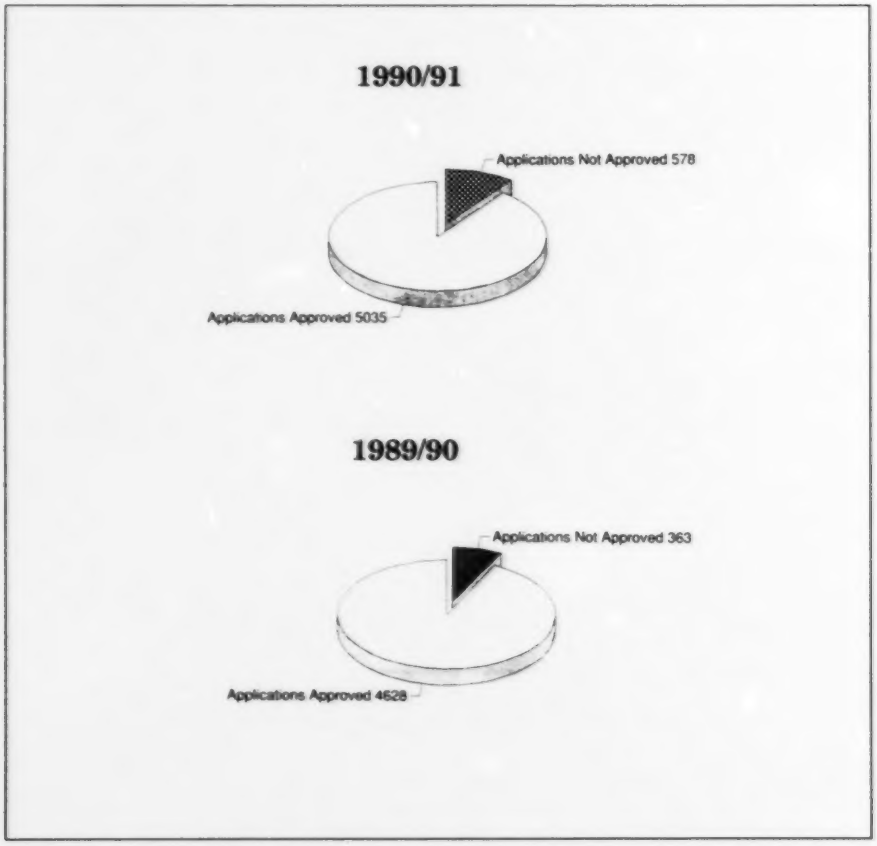


Applications Refused:

The Commission strives to maintain a high standard of integrity when assessing the legitimacy of groups that apply for licences. The criteria used for determining the charitable nature of a group include: relief of poverty, education, sports, recreational and cultural, religious or community benefit.

The increased number of licenses denied reveals the impact of more sophisticated testing of applicants validity under the legal charitable definition.

These tests rely in part on objective criteria, and are made somewhat more difficult by the inevitable subjectivity which must apply. Now, with time and experience, we have discovered that subjective elements are finding strength and validity in our licensing process.

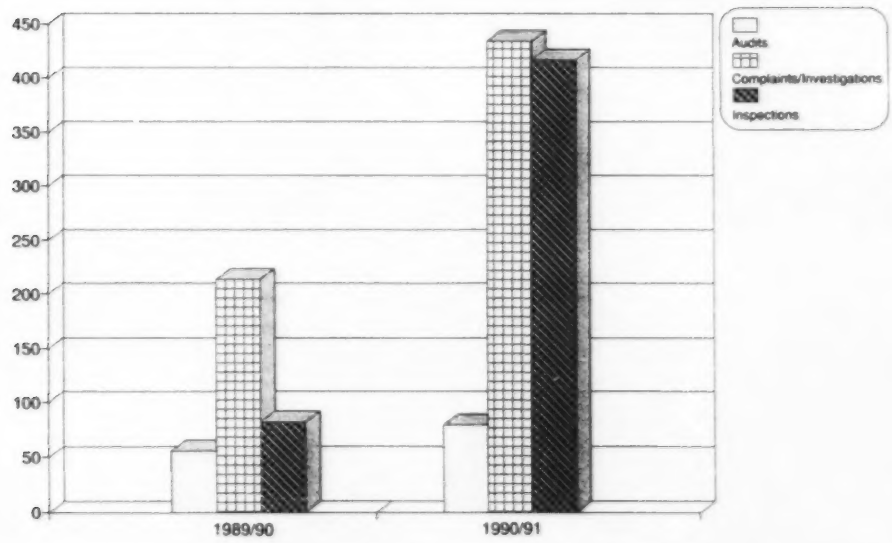


Compliance Activity

Compliance with gaming terms and conditions is emphasized through consultation and training of charity groups in the management of raffle lottery schemes and bingo events. Regulatory duties established to discourage illegal activities include: bingo hall inspections, on-site monitoring, audits, and investigation of complaints and questionable activities. Working in cooperation with police agencies, the Commission has provided assistance in bringing a number of major gaming theft and fraud cases to the court system.

The Compliance and Control activity chart reveals a growing number of concerns that are brought to the attention of the Commission and indicates an element of increased confidence in the legal framework set up to handle illegal activities that persist and flourish in the gaming industry. The chart also illustrates increased efforts in responding to these problems and demonstrates the Commission's commitment to ensure game integrity.

Activity Comparison By Year



Saskatchewan Gaming Commission

Financial Statements
Year Ended March 31, 1991

Office of the Provincial Auditor
Regina, Saskatchewan

Auditor's Report

To the members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Saskatchewan Gaming Commission as at March 31, 1991, and the statements of revenue, expenditure and accumulated surplus and equity in fixed assets for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Saskatchewan Gaming Commission as at March 31, 1991 and the results of its operations and the changes in its financial position for the year ended in accordance with the accounting principles disclosed in note 1 to the financial statements.

W.K. Strelioff

Regina, Saskatchewan
June 27, 1991

W. Strelioff
Provincial Auditor

Statement 1

Saskatchewan Gaming Commission
Balance Sheet
as at March 31, 1991

ASSETS	1991	1990
Current Assets:		
Due from Consolidated Fund	$522,965	$ 91,760
Fixed Assets:		
Office Equipment and furniture	34,692	24,675
	$557,657	$116,435

LIABILITIES AND EQUITY		
Equity:		
Accumulated Surplus (Statement 2)	$522,965	$ 91,760
Equity in fixed assets (Statement 3)	34,692	24,675
	$557,657	$116,435

(See accompanying notes)

Saskatchewan Gaming Commission
Statement of Revenue, Expenditure and Accumulated Surplus
For The Year Ended March 31, 1991

	1991	1990
Revenue:		
License Fees (Note 3)	$4,004,213	$ —
Operating grant - Consolidated Fund	2,170,000	1,489,000
	6,174,213	1,489,000
Expenditure:		
Wages & Benefits	1,312,348	890,837
Professional Fees	144,402	70,516
Equipment	18,417	24,674
Rent	125,925	132,004
Board Expenses & Honoraria	86,096	74,354
Telephone	56,805	40,566
Travel	53,914	47,922
Central Vehicle Agency	39,413	25,072
Printing, stationary, supplies	38,418	35,405
Rent of Office Equipment (Note 7)	160,051	11,913
Postage	30,752	22,937
Maintenance	7,567	12,985
Advertising	1,890	8,055
Total Expenses	2,075,998	1,397,240
Excess of revenue over expenditure	4,098,215	91,760
Accumulated surplus, beginning of year	$ 91,760	—
	4,189,975	—
Payments to Minister of Finance (Note 4)	3,667,010	—
Accumulated surplus, end of year (Statement 1)	$ 522,965	$ 91,760

(See accompanying notes)

Saskatchewan Gaming Commission
Statement of Equity in Fixed Assets
For The Year Ended March 31, 1991

Revenue:	**1991**	**1990**
Equity in fixed assets:		
Balance, beginning of year	$24,675	$ —
Fixed asset additions:		
Transfer from Department of Consumer & Commercial Affairs	—	1
Purchases in the year	10,017	24,674
Total additions	10,017	24,675
Equity in fixed assets, end of year (Statement 1)	$34,692	$24,675

(See accompanying notes)

Saskatchewan Gaming Commission
Notes to the Financial Statements
For The Year Ended March 31, 1991

1. **Significant Accounting Policies**

   a) **Basis of Accounting**

   On the direction of Treasury Board, the financial statements are prepared using a modified cash basis for a fiscal year commencing on April 1 and ending March 31. Revenues are recorded as received and expenditures are charged to the accounts when payments are made. In addition, cash received in April in respect of revenues of the preceding fiscal year, and payments made during April for goods and services received in the preceding year are reported as revenue and expenditures of the preceding fiscal year.

   b) **Fixed Assets**

   The fixed assets, which are comprised of office equipment and furniture, are charged to expense in the year of acquisition. For accountability purposes these are recorded on the balance sheet both as an asset and as equity in fixed assets. In addition, depreciation is not provided for in the accounts. On disposal, the fixed asset is removed from the balance sheet and from equity in fixed assets and the proceeds on disposal are recorded as other revenue.

   The Commission has adopted a policy for the transfer of fixed assets from a Department or other government agency similar to that prescribed for Revolving Funds in the Financial Administration Manual, i.e. such transfers are recorded at the lower of market value or book value of the assets in the transferring Department or agency.

2. **Formation & Commencement of Operations**

   Effective April 1, 1989 the Saskatchewan Gaming Commission was established as a Crown Corporation by Order-In-Council under the authority of the Crown Corporations Act, 1978.

   The Saskatchewan Gaming Commission was continued pursuant to The Saskatchewan Gaming Commission Act which was assented to August 25, 1989 and subsequently proclaimed July 3, 1990.

3. **Net Revenue Collected on Behalf of the Minister of Finance**

   Treasury Board has issued a directive indicating all revenues collected pursuant to the Lottery Licensing Provisions, 1988, are to be regarded as direct revenues to the Consolidated Fund. The Commission acts as the assessment and collection agent for these Consolidated Fund revenues. During April 1, 1990 to July 2, 1990 the Commission administered the assessment and collection of the following revenues which were deposited directly to the credit of the Consolidated Fund.

	1991	1990
License fees collected and transferred to the Consolidated Fund:	$1,035,434	$3,068,994
Hospitals tax collected on behalf of the Consolidated Fund (Reported revenue from July 1, 1989 to November 17, 1989):	33,353	5,459,788
Total	$1,068,787	$8,528,782

   Pursuant to The Hospitals Tax Act and The Hospitals Tax Regulations, the hospital tax was collected commencing July 1, 1989. The Hospitals Tax Exemption Regulations discontinued the tax effective November 18, 1989. This hospital tax was collected by the Commission on behalf of the Consolidated Fund.

   Subsequent to the proclamation of The Saskatchewan Gaming Commission Act on July 3, 1990, all license revenue is received and held by the Commission pursuant to section 25 of the Act.

4. **Payments to Minister of Finance**

Payments to the Minister of Finance for the Consolidated Fund are at the direction of the Treasury Board pursuant to Section 26 of the Saskatchewan Gaming Commission Act.

5. **Related Parties**

Included in these financial statements are expenses resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan crown controlled departments, agencies and corporations with which the Commission is related.

Account balances resulting from these transactions are included in the balance sheet and are settled on normal trade terms. Other amounts due to (from) related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

6. **Due from Consolidated Fund**

The Commission does not operate its own bank account. All receipts and disbursements flow through the Consolidated Fund Bank Account. The amount due from the Consolidated Fund at year end represents the excess of the operating grant and licence revenue paid to the Commission over expenditures made by the Commission. The balance represents monies in the Consolidated Fund which are held on behalf of the Commission.

7. **Rent of Computer Equipment**

Included in Rent of office equipment and Professional fees are payments of $ 124,536 for computer equipment and $60,500 for consulting fees to develop software respectively. Although the payments were made to third parties, the title to this equipment and software belong to the Saskatchewan Property Management Corporation. Accordingly, these amounts are not included in Equity in fixed assets. The Commission is responsible for future maintenance and administration fees only related to the use of this equipment.

8. **Comparative Information**

The comparative figures have been reclassified to conform with current year's presentation.